

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,
et al.,

Debtors.¹

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**STATUS REPORT OF THE PUERTO RICO FISCAL AGENCY AND FINANCIAL
ADVISORY AUTHORITY REGARDING THE GOVERNMENT OF PUERTO RICO'S
RESPONSE TO THE ONGOING COVID-19 PANDEMIC AND TRANSITION**

To the Honorable United States District Judge Laura Taylor Swain:

The Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), through its undersigned counsel, hereby submits this status report on behalf of the Government of the Commonwealth of Puerto Rico (the “Government”) in response to the Court’s Order Regarding Procedures for the December 9-10, 2020 Omnibus Hearing [ECF No. 15295] and states as follows:

¹ The Debtors in these Title III cases, along with each Debtor's respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566(LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), and (iv) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801).

PRELIMINARY STATEMENT

Puerto Rico, along with the rest of the world, continues to face the challenge and impact caused by the outbreak of COVID-19. Cases of COVID-19 continue to increase worldwide and the United States and Puerto Rico have experienced over the past weeks a sustained increase in new cases. As of December 8, 2020, there have been more than 67 million confirmed COVID-19 cases globally and over 1.5 million people have died.² The United States alone has reported over 14 million COVID-19 cases, including more than 283,000 deaths. *Id.* Of this amount, Puerto Rico has reported 57,622 cases and 1,203 deaths.³

AAFAF has regularly updated the Court on the Government's response to COVID-19 since March 2020 and will focus this report on material developments to the Government's response since its last update to the Court on October 28, 2020.

The Government's top priority is addressing the significant challenge in safeguarding public health and safety, ensuring the provision of public services (including health services, rising unemployment, and economic distress), coordinating measures to stimulate economic activity and ensuring a smooth transition for the new administration. The Government closely monitors COVID-19 statistics and takes measures to control the spread of COVID-19. Puerto Rico's hospital capacity remains at manageable levels and it is not currently facing a shortage of ventilators or hospital beds. However, a sustained increase in the number of confirmed cases and COVID-19 related deaths has forced the Government to impose stricter restrictions on commercial and recreational activities to control the spread of the virus.

² See <https://coronavirus.jhu.edu/map.html>

³ See <https://coronavirus.jhu.edu/region/us/puerto-rico>

The Government also continues combatting the negative economic impact of COVID-19. Puerto Rico had approximately 838 new unemployment claims for the week ending November 28, 2020, bringing the total new unemployment claims in Puerto Rico to over 385,000 since the week ending March 21, 2020.⁴ To address the economic impact of COVID-19, the Government is implementing and distributing aid to individuals and businesses, as detailed below.

I. The Governor's Executive Orders –Restrictions to Control COVID-19⁵

1. As detailed in the previous reports, Governor Wanda Vázquez Garced (the “Governor”) has issued a series of executive orders aimed at a controlled reopening of economic activity in Puerto Rico, while safeguarding the health of Puerto Rico’s residents. The executive orders and the public and private sector cooperation have helped control the spread of the virus in the island. However, Puerto Rico, like most of the world, has experienced an increase in COVID-19 cases.

2. Since the last report, the data collected shows a sustained increase in the number of confirmed cases, in utilization of hospital capacity, and in the number of deaths. As a result, the Governor issued additional measures to help control COVID-19 infections, including Executive Order 2020-080 (“Executive Order 80”) which extended the mandatory curfew until December 11, 2020 and reinstated certain restrictions in commercial activities. Among other things, Executive Order 80 reduced the occupancy limit of certain business activities from 55 percent to 30 percent and activated the Puerto Rico National Guard to help assist in the implementation of Executive Order 80.

⁴ See Puerto Rico Department of Labor, <https://www.dol.gov/ui/data.pdf>.

⁵ Defined terms not otherwise defined herein shall have the same meaning given to them in *Status Report of the Puerto Rico Fiscal Agency and Financial Advisory Authority Regarding the Government of Puerto Rico’s Recent Activities and Response to the Ongoing Covid-19 Pandemic* (the “October Report”) [ECF No. 14949].

3. Following concerns raised by the Puerto Rico Department of Health (“DOH”) and the medical community about increases in infections, hospitalizations, and related deaths, on December 3, 2020, the Governor signed Executive Order 2020-087 (“Executive Order 87”) which imposed additional restrictions on commercial activities to prevent mass gatherings and to help control the spread of the virus. Executive Order 87 will be in effect from December 7, 2020 until January 7, 2020. Among the new restrictions are the following:

- Lockdown order in effect on Sundays with limited exceptions. Residents are allowed to leave their residence only for essential services and restaurants may only operate through carry out or delivery.
- Mandatory curfew in effect from 9:00 p.m. until 5:00 a.m. and businesses that are allowed to operate must close by 8:30 p.m.
- Consumption, sale and distribution of alcoholic beverages is prohibited in all authorized businesses from 5:00 a.m. Saturday to 5:00 a.m. Monday.
- Shopping malls are allowed to operate but must limit their capacity to one (1) person for every seventy-five (75) square feet in the hallway areas.
- Bars, nightclubs, and other similar establishments which engage primarily in the sale of alcoholic beverages for consumption must remain closed.
- Common areas in housing complexes, such as pools and parks, must remain closed.
- Beaches are opened strictly for professional and recreational sports and remain closed to persons wishing to socialize and gather in groups.

4. These measures are necessary to prevent a potential collapse of the health system and to reduce the chances of greater restrictions in the future. The Governor is working closely with experts from various sectors to monitor the spread of the virus in order to adopt or modify any necessary restriction that may be required on a timely basis.

II. Update on Funding Related to COVID-19 and Disaster Relief Funds

A. Federal Funding Under the Coronavirus Relief Fund

5. With regards to the CARES and Coronavirus Relief Fund (“CRF”) funding detailed in the previous reports, as of November 27, 2020, the Government has disbursed approximately \$1.1 billion of the \$2.2 billion it has received. AAFAF has published a report detailing the use of these funds and the disbursements made as of November 27, 2020, which is available at <https://www.aafaf.pr.gov/wp-content/uploads/crf-strat-disbmt-plan-fund-rep-11-27-2020.pdf>.

6. On November 3, 2020, the Governor announced the allocation of an additional \$50 million of CRF funds to help businesses in the tourism industry impacted by the decline in the sector due to the COVID-19 pandemic. The program seeks to provide operational support for business interruption as a result of COVID-19.⁶

B. Update on Disbursements Under the Emergency Measure Support Package

7. With regards to the COVID-19 Emergency Measure Support Package detailed in the previous reports, as of November 27, 2020, the Government had disbursed \$456.6 million dollars out of the \$787 million approved in the package. AAFAF has published a report detailing the use of these funds and the disbursements made during the current fiscal year, which is available at <https://www.aafaf.pr.gov/wp-content/uploads/covid-19-emer-meas-sup-pack-rep-11-27-2020.pdf>.

⁶ See <https://www.fortaleza.pr.gov/content/gobernadora-wanda-v-zquez-garced-anuncia-asignaci-n-de-50-millones-adicionales-al-programa>

C. Update on Disaster Relief Funds⁷

8. The Government continues to coordinate relief and funding efforts to address the natural disasters that have affected Puerto Rico in recent years, including the continued recovery following Hurricanes Irma and Maria and the earthquakes that impacted (and continue to impact) the southern and southwestern part of Puerto Rico.

9. As of December 1, 2020, approximately \$63 billion has been appropriated by the U.S. Congress to Puerto Rico for disaster relief and recovery efforts. Of this amount, approximately \$39.1 billion has been committed by federal agencies for distribution and \$17.6 billion has been disbursed. Of the amounts obligated and disbursed, FEMA has approved approximately \$31.1 billion and disbursed approximately \$14.5 billion of the total amounts detailed above. The use of these funds is detailed by the Government on the COR3 website and can be accessed at: <https://recovery.pr/en>.

10. As advanced in the October Report, on November 20, 2020, the Governor signed Joint Resolution 773 which authorizes a \$750 million revolving credit facility to allow the Department of Treasury to advance financing for public works against FEMA reimbursements.⁸

III. Additional Specific Efforts to Combat the COVID-19 Pandemic⁹

A. Department of Health

11. The Department of Health continues to focus its efforts on tracking and combating the COVID-19 crisis. As detailed in the previous reports, the Department of Health maintains a

⁷ The data and information provided herein has been obtained by AAFAF directly from the Central Office of Recovery, Reconstruction and Resiliency (COR3).

⁸ See <https://recovery.pr/en/press-releases/169>

⁹ The data and information provided herein has been obtained by AAFAF directly from the Department of Health.

“dashboard”, through which it provides daily updates on the COVID-19 crisis.¹⁰ As of December 8, 2020:

- Puerto Rico had 56,242 confirmed cases, 2,074 probable cases, and 1,206 deaths.
- Over 360,000 serological and molecular COVID-19 tests have been performed.¹¹
- 1,348 ventilators are in stock and available to be used in Puerto Rico, of which 417 are in use at this time. Of these, 32 are pediatric ventilators.
- 618 patients are currently hospitalized due to COVID-19 of whom 104 are in intensive care, and 108 are using ventilators.
- 3,710 adult beds and 371 pediatric beds are currently in use out of a total 6,792 and 1,290 hospital beds, respectively.

12. The Department of Health has announced that Puerto Rico expects to receive its first round of COVID-19 vaccines by mid-December. During the past months, the Department of Health, in coordination with the Puerto Rico National Guard, has been working on a comprehensive COVID-19 vaccination and distribution plan. The Department of Health has determined that health care workers and senior citizens in nursing homes will have priority when the first round of vaccines arrive.

B. Department of Family

13. On November 19, 2020, the Governor and the Secretary of the Puerto Rico Department of Family announced that the beneficiaries of the Nutrition Assistance Program (“PAN” for its Spanish acronym), will be able to perform purchases online from their residences under a pilot program approved by the federal government.¹² This initiative will allow this sector

¹⁰ See <https://bioseguridad.maps.arcgis.com/apps/opsdashboard/index.html#/3bfb64c9a91944bc8c41edd8ff27e6df>.

¹¹ See <https://coronavirus.jhu.edu/region/us/puerto-rico>

¹² See <https://www.fortaleza.pr.gov/content/gobernadora-wanda-v-zquez-garced-anuncia-que-tarjeta-de-familia-se-podr-usar-online-para>

of the population to obtain food and groceries from their homes, diminishing the risk of infection and avoiding gatherings in the supermarket.

IV. Outcome of Gubernatorial Elections and Status of Administration Transition

14. As advanced in the October Report, on November 3, 2020, general elections were held in Puerto Rico to elect the Governor of Puerto Rico, the Resident Commissioner, members of the Senate and House of Representatives, mayors and municipal assembly representatives. Former Resident Commissioner and Attorney General, Pedro Pierluisi, of the New Progressive Party (“NPP”), was declared the winner of the gubernatorial race and has been certified as Puerto Rico’s Governor-elect. Current Resident Commissioner, Jennifer Gonzalez of the NPP, was reelected as Resident Commissioner.

15. As required by Act 197-2002 (1 L.P.R.A. §458-§477), known as the “Government Transition Process Act”, on November 10, 2020, Governor-elect Pierluisi announced the members of his incoming committee on government transition (the “Incoming Transition Committee”), which is chaired by the mayor of the municipality of Bayamón, Honorable Ramón Luis Rivera Cruz. All government agencies and public corporations prepared detailed transition reports which were submitted to the Incoming Transition Committee, as required by Act 197-2002.

16. On November 16, 2020, the Incoming Transition Committee commenced hearings with the agency heads to discuss the transition reports. The hearings are public and are expected to conclude on December 25, 2020, after which a final report will be drafted by the Incoming Transition Committee and submitted to the Governor and the Governor-elect. Information regarding the transition, including the live stream of the hearings and the transition reports is available at <http://www.transicion2020.pr.gov/Pages/default.aspx>.

17. On December 2, 2020, Governor-elect Pierluisi announced that AAFAF's current executive director and current Commonwealth's Chief Financial Officer, Omar Marrero, will remain as executive director of AAFAF. Governor-elect Pierluisi also announced that the Commonwealth's current Secretary of Treasury, Honorable Francisco Parés, will continue leading the Department of Treasury. These appointments will facilitate a seamless transition of PROMESA and fiscal plan related matters.

18. AAFAF continues to work with the Governor-elect and new administration to ensure a smooth transition. To that end, AAFAF and its advisors have held multiple meetings with the Governor-elect's team to brief them on the status of creditors' negotiations, certified fiscal plans, and other relevant PROMESA matters.

(signature page follows)

Dated: December 8, 2020
San Juan, Puerto Rico

Respectfully submitted,

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